

Form 990 Public Relations Checklist for 501 (c)(3) Organizations

Many auditors work hard to ensure the Form 990 is completed properly and represents the organization appropriately to the public. At the same time, auditors do not know the organization inside and out. The staff and board need to take responsibility to review the Form 990 to ensure operations are accurately reflected. The following checklist provides the organization with a set of key guidelines that affect how the public reads your “story”.

The purpose of this checklist is to:

- Maximize marketing and public relations opportunities
- Identify key areas that create “red flags” for the IRS, funders and potential donors

This list is by no means comprehensive. We intend to cover line items that are common to the majority of 501 (c)(3) organizations.

| Part and Line # | Action/Suggestion | |
|---|--|--------------------------|
| Part I: Summary | | |
| Line 1: Mission/Significant | Review for accuracy. This statement should be succinct. Expansion can be provided in Part III if needed. The statement should be consistent with the purpose listed in the Articles of Incorporation. | <input type="checkbox"/> |
| Lines 3 and 4: Governing board | Review for accuracy. See Part VI, Line 1b for definition of “independent.” | <input type="checkbox"/> |
| Line 5: Number of employees | | <input type="checkbox"/> |
| Line 6: Number of volunteers | If applicable provide a description of the value, impact and/or total number of volunteer hours on Schedule O. | <input type="checkbox"/> |
| Lines 8 – 19: Prior Year and Current Year finance summary | If there are significant variations use Schedule O to explain why this occurred. | <input type="checkbox"/> |
| Part III: Program Service Accomplishments | | |
| Line 1: Mission | Mission should be consistent with what appears on the website and other documents. The statement should be consistent with the purpose listed in the Articles of Incorporation. | <input type="checkbox"/> |
| Line 2: Addition of programs/activities | Review for accuracy. (Note – public charities only) | <input type="checkbox"/> |
| Line 3: Cessation of program services | Review for accuracy | <input type="checkbox"/> |
| Line 4: Program accomplishments | Descriptions should include numbers and any impact information that is available for the three largest activities. Ensure you begin the narrative on page 2 for each activity and use Schedule O if additional space is needed. This area can increase donor confidence. | <input type="checkbox"/> |

| Part and Line # | Action/Suggestion | |
|--|---|--------------------------|
| Part IV: Required Schedules | | |
| Check the schedules list | Note on Line 4, lobbying: This should be examined carefully in the event that organizations do advocacy that contains lobbying components. | <input type="checkbox"/> |
| Line 2: Schedule B | Required if received greater than \$5,000 in money or property, or 2% of the amount of all contributions (line 1h of Part VIII). Note for Public Charities only - if posting your Form 990 on your website and/or providing hard copies to funders, regulatory agencies, etc. this schedule should be removed since this is confidential information as permitted by Federal tax law. | <input type="checkbox"/> |
| Part V: Other IRS Filings and Tax Compliance | | |
| Line 6: Nondeductible contributions | Examples of non-deductible contributions are gaming activities. E.g. raffles, bingos' casino nights, etc. | <input type="checkbox"/> |
| Line 7 a: Quid pro quo contributions | If the organization had a special event where the ticket price was over \$75 and the donor received something in return the answer should be "yes." | <input type="checkbox"/> |
| Line 7b: Acknowledgements to donors | Check acknowledgements to ensure you provided the fair market value of goods received. | <input type="checkbox"/> |
| Line 7c: Form 8282 | If you received a gift in kind valued over \$5,000 and sold it within three years, this applies. | <input type="checkbox"/> |
| Part VI: Governance, Management and Disclosure | | |
| Line 1b: # of "independent" voting members | "Independent" includes members that receive no compensation from the organization or related organizations, no material financial benefits, no family member that received benefits. etc. See Form 990 Instructions Part VI for more detail. | <input type="checkbox"/> |
| Line 2: Conflicts of Interest | Do you have written conflict of interest disclosure statements to back up your response to this? | <input type="checkbox"/> |
| Line 4: Significant changes to governing documents | These include but are not limited to: change in purpose, name, number and duties of board members and key officers, quorum needed. A complete list is found in the instructions. Changes should be explained in Schedule O. | <input type="checkbox"/> |
| <i>Note: The Form 990 Instructions for Part VI, Section B state "Answer 'yes' to any question in this section that asks whether the organization had a particular policy only if the organization's governing body (or a committee of the governing body, if the governing body delegated authority to that committee to adopt the policy) adopted the policy by the end of the tax year. If your answer to 12, 13 or 14 any of these questions is "NO," the organization's board should adopt a policy as soon as possible. ⁱ</i> | | |
| Line 9: Address of board members | Ensure that no personal addresses are provided unless warranted. | <input type="checkbox"/> |
| Line 11a | If the Form 990 was not provided to the board prior to filing, provide an explanation on Schedule O of why that did not take place. | <input type="checkbox"/> |

| Part and Line # | Action/Suggestion | |
|---|---|--------------------------|
| Line 11b | The instructions for this section state: Describe on Schedule O the process, if any, by which any of the organization's officers, directors, trustees, board committee members or management reviewed the prepared Form 990 (including ALL schedules) before or after it was filed..." If you answer, "No review was conducted" the organization should implement a review process as soon as possible. | <input type="checkbox"/> |
| Line 12: Conflict of Interest Policy | Ensure conflict of interest disclosure process is in place and described in Schedule O. See endnote. | <input type="checkbox"/> |
| Line 13 and 14: Whistleblower and Document Retention Policies | Ensure these are in place. See endnote. | <input type="checkbox"/> |
| Line 15: Compensation Review | Ensure there is a formal process to review and document this in Schedule O. If you do not have a policy in place, the organization should implement as soon as possible. See endnote for resource. | <input type="checkbox"/> |
| Part VII: Officer, Directors, Key Employee Information | | |
| Lines 1 - 25 | Public Relations note: Column B should provide an estimate of the average number of hours each board member provides per week. This may not be the same for all board members since some provide more support than others. Full compensation of officers must be disclosed no matter what amount. Note: for Form 990 purposes, the definition of "officer" includes the "top management official and top financial official (President, CEO, Executive Director, CFO)." Compensation must be listed for those positions no matter what level. Compensation to key employees receiving over \$150,000 must be disclosed. Benefits should be listed in Column F (includes health and other benefits). | <input type="checkbox"/> |
| Part VIII: Statement of Revenue | | |
| Line 1: Fundraising revenues | Check Form 990 instructions to see if membership dues fall under fundraising. If you have fundraising events, the contribution portion of the tickets is listed on (c) | <input type="checkbox"/> |
| Line 8a: Fundraising events | This should only include the fair market value portion of the ticket price. | <input type="checkbox"/> |
| Part IX; Functional Expense | | |
| All lines | Organizations should understand what constitutes a program, management and fundraising expense and have a system in place to track activities so that these are reported correctly. It is important that the board review the percentage of resources expended on administration. | <input type="checkbox"/> |
| Part X: Balance Sheet | | |
| Line 1: Cash in <i>Non-interest-bearing accounts</i> | If a donor sees a large amount on this line item the donor may question if the organization is stewarding its resources well. If you have cash in interest bearing accounts, this should be listed on Line 2. | <input type="checkbox"/> |

| Part and Line # | Action/Suggestion | |
|---|--|--------------------------|
| Lines 11 and 12: Investments | All routine investments should go on Line 11. Donors may question what types of “other securities” an organization may have if an amount is listed in Line 12. These could be interested as “risky” investments. | <input type="checkbox"/> |
| Lines 16 and 26: Total Assets and Liabilities | If these lines do not present a healthy picture, Schedule O can include an explanation of what the board is doing to address this. | <input type="checkbox"/> |
| Caution on including Social Security numbers on any part of the Form 990 Submission: Because the IRS is required to disclose information returns, exempt organizations should not include personal information, such as Social Security numbers, on these forms. By law, with limited exceptions, the IRS has no authority to remove that information before making the forms publicly available | | |

The Pennsylvania Association of Nonprofit Organizations is grateful to the following firms that provided assistance in the review and development of this form:



ⁱ Sample Conflict of Interest, Whistleblower and Document Retention policies are available free to PANO members on PANO's website, www.pano.org. Nonmembers may purchase at a minimal fee. These are nationally vetted sample policies, a Standards for Excellence® program resource. A compensation review policy is also available along with sample policies for many other operational areas.

©2012 Pennsylvania Association of Nonprofit Organizations

Notice: This check list is not legal advice and should not be relied upon as a legal opinion. It is intended to provide general information only and does not create an attorney-client relationship between PANO, the law firms listed above and the reader. For legal advice, please personally consult with an experienced attorney.

IRS CIRCULAR 230 DISCLOSURE: In order to ensure compliance with IRS Circular 230, we must inform you that any U.S. tax advice contained in this transmission and any attachments hereto is not intended or written to be used and may not be used by any person for the purpose of (i) avoiding any penalty that may be imposed by the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matter(s) addressed herein.